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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

Supervisor ADZ

Inspection Report
Minerals Regulatory Program
Report Date: 8/17/2005

Mine Name: Sliver 1-2
Operator or Permittee Name:
David Penney
Permittee Mailing Address:
2400 E 30 S
Box 312
Beaver, Utah 84713-0312

Permit number: S010035
Inspection Date: 06/30/2005

Inspector(s): Tom Munson

Weather: Sunny
Inspection Start Time: 3 PM
Inspection End Time: 4 PM
Site location/Area Inspected (i.e. Pit #):
pit

Other Participants: none

Permit Status: Inactive
Current Acreages: 2.39 acres(BLM)
Total Permitted (Bonded): 5 acres(none)
Total Disturbed: 2.39 acres(BLM)

Surface Ownership: FEE
Mineral Ownership: FEE
Mineral Mined: marble
Type of Mine: open pit

Elements of Inspection	Evaluated	N/A	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (open shafts, adits, trash, signs, highwalls)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Explosives, magazines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Deleterious Material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Concurrent Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Erosion Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Demolition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Backfilling and Grading (trenches, pits, roads, highwalls, shafts, drill holes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Water Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Soils	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Air Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Purpose of Inspection:

To determine the current status of the site and a course of action regarding the permit.

Inspection Summary:

1.) Permits, Revisions, Transfer, Bonds: To determine current status since it was determined by the BLM that Mr. Penney was trespassing on Karl Truman's patented mining claims. Mr. Penney listed the land ownership as BLM on his application with the State.

Mr. Penney does not have legal right of entry, according to the BLM and the owner of the Patented Claims, Karl Truman (435-386-2222). The BLM, Ed Ginouves, surveyed all the applicable claim corners/ monuments and determined that Mr. Penney was almost solely on Patented claims belonging to Mr. Karl Truman. Therefore, it becomes important that within a short period of time the operator either reclaim the property or execute a transfer to Mr. Karl Truman and a bond of \$15,000 is put in place to cover the three (3) acres. It will also be necessary to write a Cessation Order, since Mr. Penney does not have the legal rights to enter the property and falsified his original permit application.

2.) Public safety: The site has a substantial 30 foot high wall that might be considered a safety hazard, although it is not overhanging.

Directions to the site: The next time I visit the site, it will be necessary to document the access. It sits approximately 5 miles North of Minersville in the Mineral Mountains.

GPS data:

None collected during this inspection.

Inspector's Signature



Date: 8/17/2005

TM:jb

Enclosures: photos, BLM Inspection reports of May 14,2003 and May 16,2003

cc: Dave Penney, Operator

Ed Ginouves, BLM Cedar City, inspection report and photos only

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SLIVER 1-2 S01/0035



PICASSO PIT



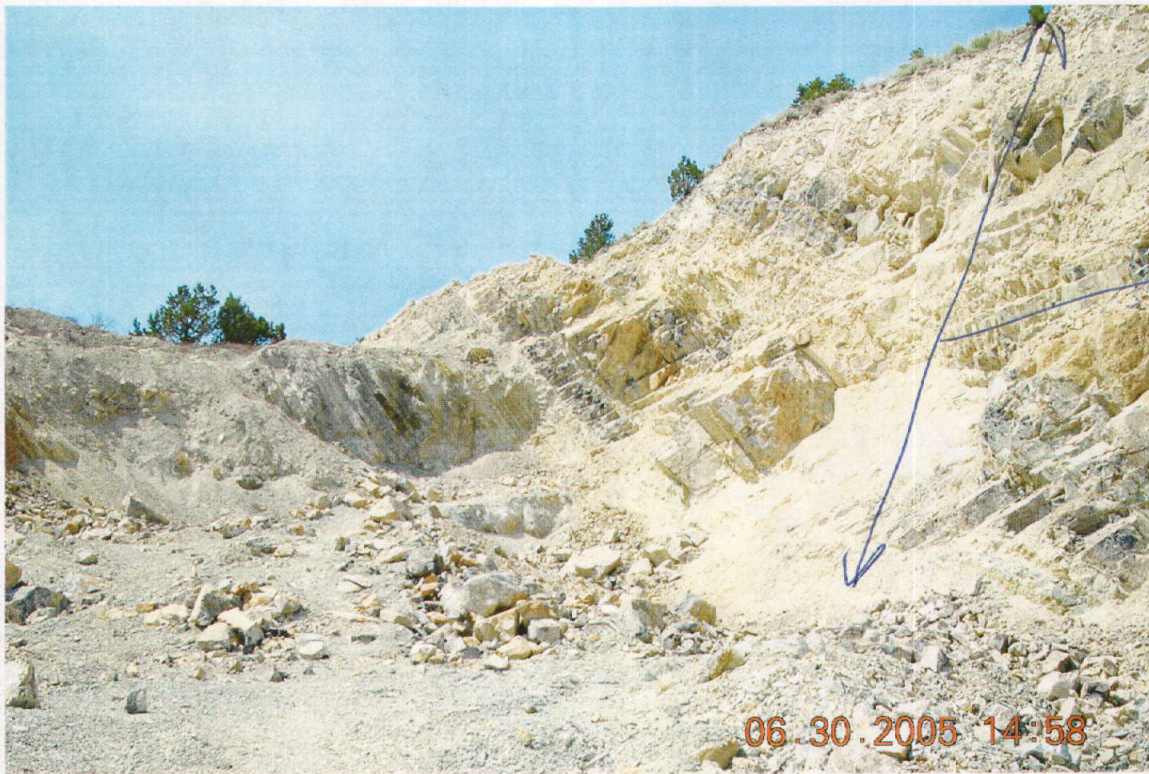


PICASSO PIT



PICASSO BOULDER

SILVER 1-2 501/0035



Height
30'?